

# Addressing the Benefits Cliffs

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Federal Reserve  
Bank *of* Atlanta

# Advancing Careers for Low-Income Families

The Atlanta Fed's Advancing Careers initiative works to improve economic mobility and resilience by:

- Identifying how benefits cliffs and other structural barriers create financial disincentives to career advancement
- Conducting research, developing tools, and analyzing solutions on mechanisms for reducing barriers to economic mobility and resilience
- Engaging in partnerships to support community and state efforts to improve economic security for families

# Benefits Cliffs

A barrier low-income families may face when working to improve their economic mobility. Also known as the “cliff effect,” a benefits cliff occurs when career advancement puts a family above the income eligibility threshold for public assistance and the family is financially worse off than before the wage increase.

# The Impact of Benefits Cliffs

Annual Net Financial Resources  
Income + Public Assistance - Expenses - Taxes

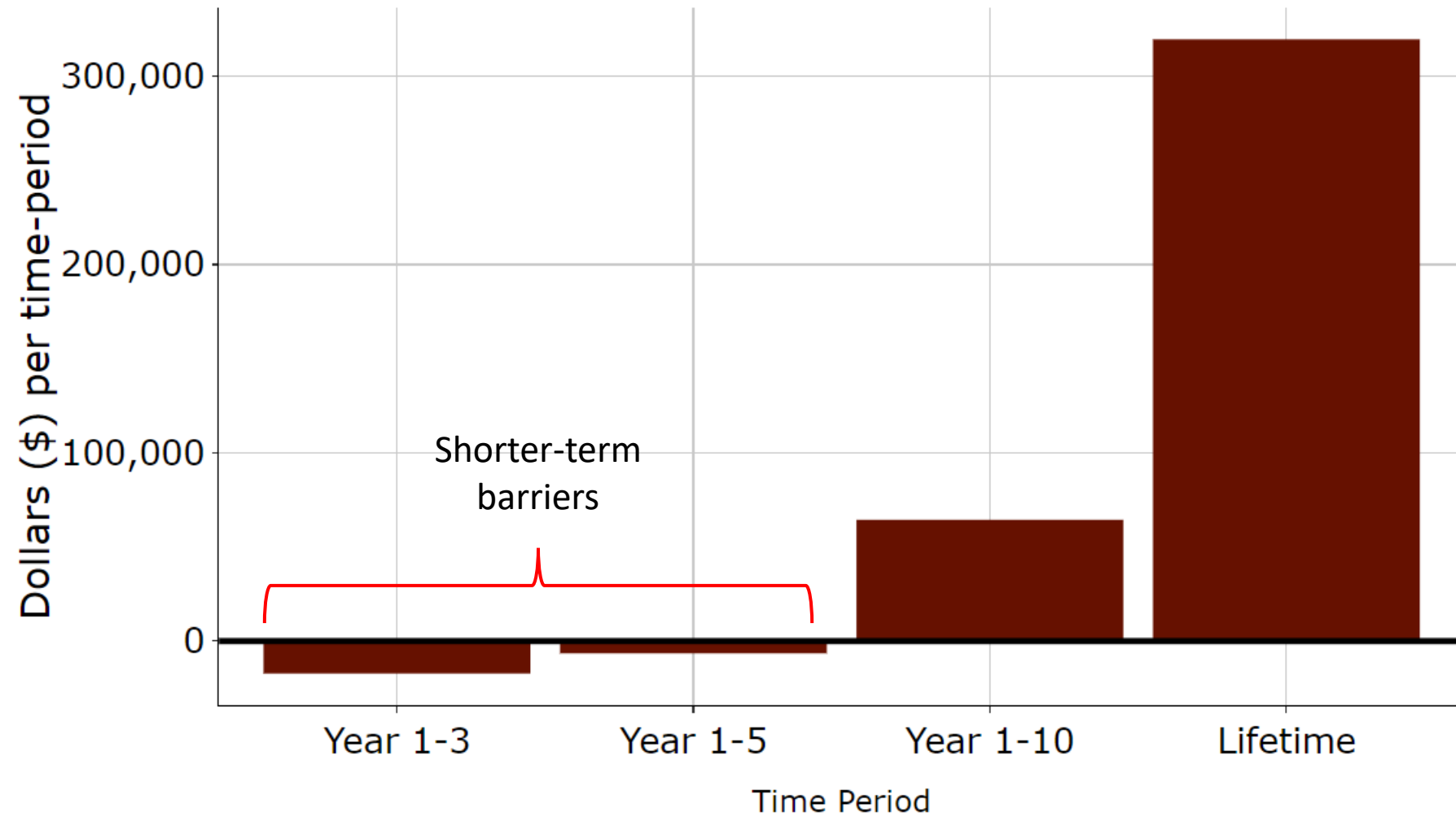


# The Impact of Benefits Cliffs

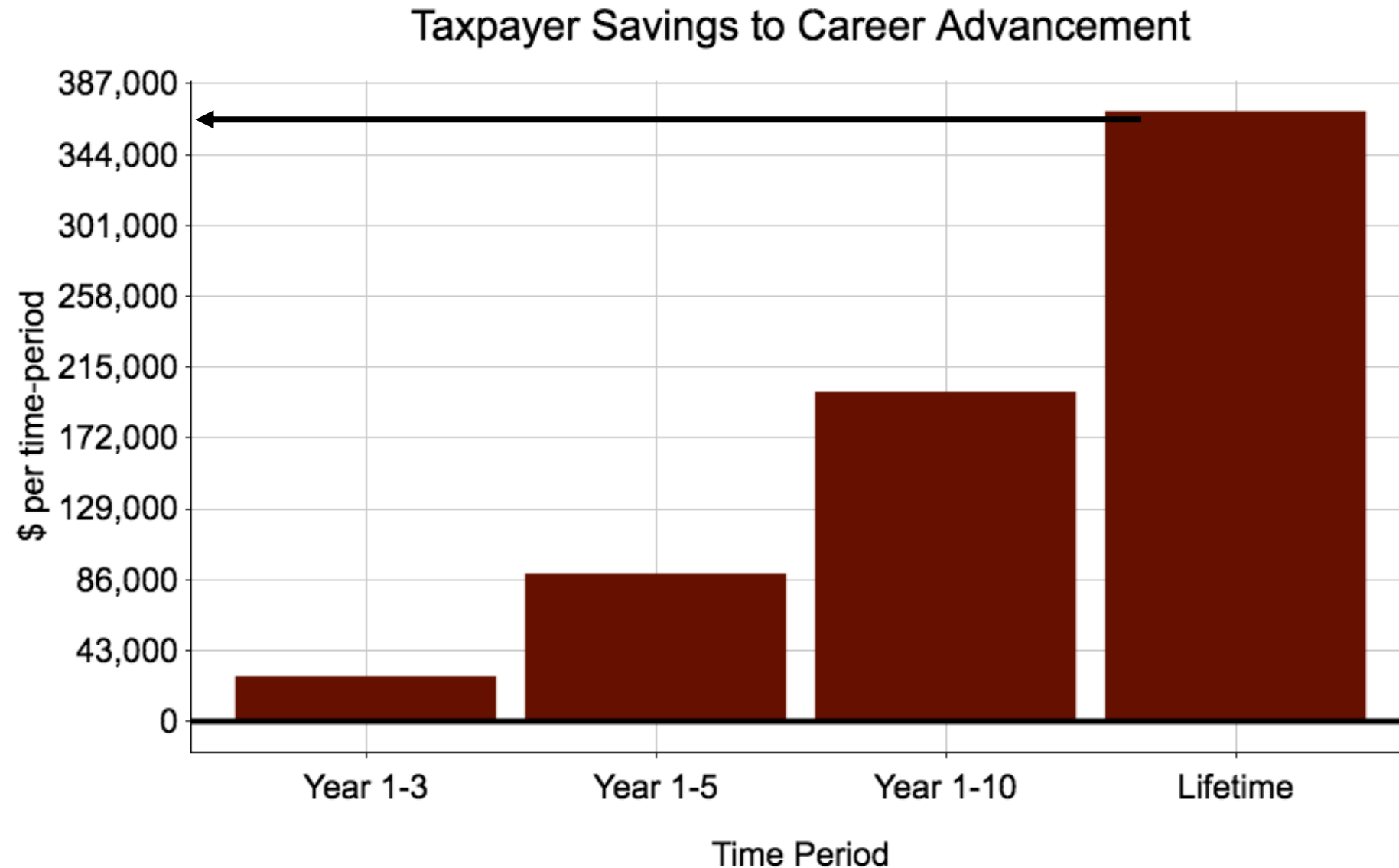
Annual Net Financial Resources  
Income + Public Assistance - Expenses - Taxes



# Short-term barriers may prevent the worker's realization of long-term gains.



The net returns to the taxpayer are significant if the worker becomes an RN.



# The CLIFF Suite of Tools

**CLIFF Dashboard:** Models lifetime career choices for hypothetical family types.

**CLIFF Planner:** A budgeting resource for career planning using individualized information on expenses and income.

**CLIFF Dashboard – Employer Edition:** A dashboard customized for employer job pathways and specific employee benefit packages.



# The CLIFF Dashboard

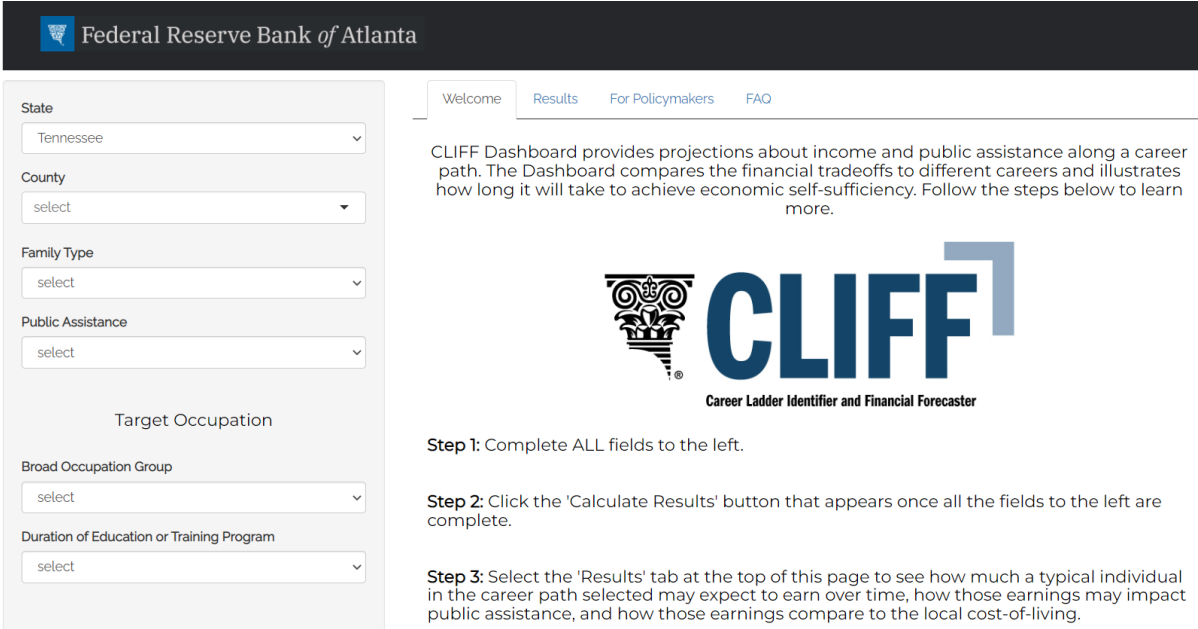
Can be used to inform policy and innovation for mitigating barriers to economic mobility.

## ***Policymakers, employers, funders, and other stakeholders:***

- Maps changes to net financial resources along various career pathways
- Identification of potential benefits cliffs
- Visualizes policies to support programmatic solutions and mitigation strategies
- Estimates net return to the government

## ***Career coaches and workers:***

- Supports career exploration as a complement to LMI typically provided during workforce development coaching sessions
- Provides information on earnings and earnings growth for potential career pathways
- Visualizes changes to public benefits and net financial resources overtime



The screenshot shows the CLIFF Dashboard interface. At the top is the Federal Reserve Bank of Atlanta logo. Below it is a navigation bar with links: Welcome, Results, For Policymakers, and FAQ. The main content area is divided into two columns. The left column contains a form with the following fields: State (dropdown menu showing Tennessee), County (dropdown menu showing select), Family Type (dropdown menu showing select), Public Assistance (dropdown menu showing select), Target Occupation (text input field), Broad Occupation Group (dropdown menu showing select), and Duration of Education or Training Program (dropdown menu showing select). The right column contains a paragraph of text: "CLIFF Dashboard provides projections about income and public assistance along a career path. The Dashboard compares the financial tradeoffs to different careers and illustrates how long it will take to achieve economic self-sufficiency. Follow the steps below to learn more." Below this text is the CLIFF logo, which consists of a stylized owl head icon and the word "CLIFF" in large, bold, blue letters. Underneath the logo is the text "Career Ladder Identifier and Financial Forecaster". At the bottom of the right column, there are three steps: Step 1: Complete ALL fields to the left. Step 2: Click the 'Calculate Results' button that appears once all the fields to the left are complete. Step 3: Select the 'Results' tab at the top of this page to see how much a typical individual in the career path selected may expect to earn over time, how those earnings may impact public assistance, and how those earnings compare to the local cost-of-living.

# Use of CLIFF Tools

## Mapping Benefits Cliffs

- Awareness of Issue
- Benefits cliffs calculators

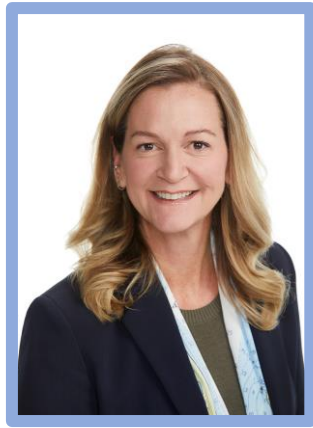
## Cross-system Collaboration

- Asset mapping
- Common definition of economic self-sufficiency
- Identify target populations for services

## Workforce Development

- Student advisement to increase post-secondary educational attainment
- Adult career planning and coaching toward self-sufficiency
- Career pathways design/targeted occupation and industry analysis
- Align wrap-around supports with training plans
- Employer engagement on matching talent needs to skill attainment

# For More Information:



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For additional background on research and tools, please visit:  
<https://www.atlantafed.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families>